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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4859  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 1023  
RUEHSL/AMEMBASSY BRATISLAVA 0045  
RUEHBY/AMEMBASSY CANBERRA 9795  
RUEHCP/AMEMBASSY COPENHAGEN 0256  
RUEHKA/AMEMBASSY DHAKA 4253  
RUEHLO/AMEMBASSY LONDON 1715  
RUEHNE/AMEMBASSY NEW DELHI 3443  
RUEHFR/AMEMBASSY PARIS 0440  
RUEHUL/AMEMBASSY SEOUL 6892  
RUEHKO/AMEMBASSY TOKYO 4508  
RUEHCI/AMCONSUL CALCUTTA 0837  
RUEHCN/AMCONSUL CHENGDU 0840  
RUDKIA/AMCONSUL CHIANG MAI 0535  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUEHGV/USMISSION GENEVA 2779  
RHEHNSC/NSC WASHDC  
RUCNDT/USMISSION USUN NEW YORK 0421  
RUEKJCS/SECDEF WASHDC  
RUEHBS/USEU BRUSSELS  
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 001042

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STATE FOR EAP/MLS; PACOM FOR FPA

E.O. 12958: DECL: 07/23/2016

TAGS: PGOV PHUM ECON PREF PINS BM

SUBJECT: KAYAH STATE - BURMANS IN AND KARENNS OUT

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Classified By: Poloff Dean Tidwell for Reasons 1.4 (b, d)

11. (C) SUMMARY: Catholic Bishop Sotero Phamo of Loikaw, the capital of Kayah State, briefed Charg on July 21 on daily life in his diocese. Ethnic Burmans have taken over leadership of the state and businesses, backed by nearly a dozen Burmese Army battalions. Kayah residents, predominately ethnic Karen, feel increasingly disenfranchised. Most people struggle to feed themselves and see little benefit from pursuing an education. Recent Burmese Army operations have targeted southern Kayah State, mostly populated by ethnic Karen. Several INGOs with offices in Loikaw continue to face severe travel restrictions. Most Kayah State residents know nothing about the proposed Salween River dams nor their potential effect on the population or environment. END SUMMARY.

12. (C) Catholic Bishop Sotero Phamo of Loikaw, capital of Kayah State, briefed Charg on July 21 about the current situation in the state. He claimed that most of the 300,000 residents of Kayah State are Christian, with about 70,000 Catholics. Baptists and Anglicans also have large congregations. Most of the people are subsistence farmers, who grow enough rice for about eight months and make do with corn and other local foods for the rest of the year.

13. (C) The GOB operates schools in the key towns, but many residents cannot afford the cost of mandatory uniforms and books, so do not send their children to school. Many also do not see the value of education because their children who graduate from high school cannot find employment. Increasingly, only ethnic Burmans can get employment outside agriculture. The Catholic Church helps some poor families

send their children to school. It also sponsors some overseas study in the Philippines and Thailand. These foreign graduates voluntarily work with the church to offer English and computer lessons to local youth, since they cannot get other jobs.

#### A HEAVY ARMY PRESENCE

¶4. (C) Sotero, who has been the Loikaw bishop for 17 years, participated in cease-fire negotiations with three Karen resistance groups. Two groups reached agreements with the SPDC, but the Karen National Peoples Party (KNPP) returned to their jungle redoubts in eastern areas of the state, near the Thailand border, to continue their fifty-year fight for independence. He said soldiers of both sides do not want to fight, and try to avoid each other, although "when they meet, they have to fight." He claimed that there are 10-12 Burmese Army battalions in Kayah State, adding that most are not at full strength. Although the people had been abused in the past by the military through forced labor or rapes, he has not heard of recent abuses of the Karen people.

¶5. (C) Sotero regularly meets with the local military commander. He even showed him his computer with an illegal Internet connection through Thailand. However, the commander seemed clueless when Sotero pointed it out. Sotero expressed confidence that he would not get into trouble since he had "informed" the commander.

¶6. (C) He said most of the recent fighting in Kayah State is in the south, where most villagers are ethnic Karen. He claimed that up to 50,000 Karen villagers face a crisis now because the Burmese Army has blocked roads to and from Loikaw and Taungoo. Thus, they cannot sell their fruit crops nor buy rice to transport back to their villages. He described the current situation as a continuation of Ne Win's classic

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"four cuts" policy to isolate Karen insurgents from the population. He said the Burmese Army accused many villagers of collaborating with the Karen National Union (KNU), which forced them to flee to the jungle. He has assisted them to buy some rice.

#### KARENNS OUT OF POWER AND BUSINESS

¶7. (C) During the Ne Win era, Karenns held government positions and ran businesses. The bishop said now the Burmese Army controls all leadership positions. Local youth also lose out to ethnic Burmans in the job market. Burmans, Shans, Chinese, and Indians run most businesses in Kayah State with the result that locals cannot gain entrepreneurial experience. The traditional Karen elite has been destroyed or fled the country long ago. He doubted any extensive contacts exist between Karenns in Thai refugee camps and the local population.

¶8. (C) He estimated that as many as 20,000 thousand people, mostly ethnic Karen, have left government controlled areas of Kayah State in recent years to join insurgents or to seek shelter in refugee camps in Thailand. He said that most young people from Loikaw prefer to seek employment in Malaysia rather than Thailand. He estimated that about 600 Karen youth have departed Burma legally to work in Malaysia.

¶9. (C) Because Kayah villagers are naive, Sotero said the regime's Union Solidarity Development Association (USDA) has taken advantage of them. For instance, authorities promise villagers electricity or water pumps if they become USDA members. Sotero doubted the people had any attachment to USDA, but speculated that the authorities might try to claim entire villages support USDA in the event of a referendum.

#### LOCAL NGOS OPERATE MORE FREELY THAN INGOS

¶10. (C) Several INGOs have field offices in Loikaw, including

World Vision, Care, and MSF, as well as the UNDP. Recently, authorities have limited their ability to travel around the state and require a government escort for travel outside of Loikaw. Sotero recalled a recent visit by an MSF doctor to Hpa Sawng in southern Kayah State. After a few days, the escort became bored and insisted that the doctor return to Loikaw earlier than scheduled.

¶11. (C) The Catholic Bishops' humanitarian arm, Karuna, a local NGO, operates more freely. It fields a few nurses and volunteer midwives who provide basic services to outlying villages. Although the government has built clinics in some areas of the state, they usually lack both qualified staff and medicine. Sotero said malaria is the biggest health problem, noting that only three of his priests do not suffer regular attacks. Tuberculosis is also a major concern, but no one talks about HIV/AIDS, perhaps out of shame.

#### SALWEEN RIVER DAMS

¶12. (C) Bishop Sotero said some people in Kayah State have heard about plans by Thai companies to build dams in their state on the Salween River, but nobody has consulted them and the local population is unaware of the implications of such dams. He described the terrain east of the river as "plains" and sparsely inhabited because of the dry climate. Most Karen live higher in the mountains.

¶13. (C) COMMENT: Although Kayah State is Burma's smallest state both in size and population, the SPDC keeps it tightly under control due to its location on the Thai border, its

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active though muted insurgency, its mineral resources, and its potential hydro power. Bishop Sotero acknowledged working closely with former Military Intelligence Chief Khin Nyunt to keep the peace. His continuing cooperation with the military lends legitimacy to the Burman occupation of Kayah State. The lack of opportunity for young people condemns them to poverty with insurgency or migration the only way out. END COMMENT.

VILLAROSA